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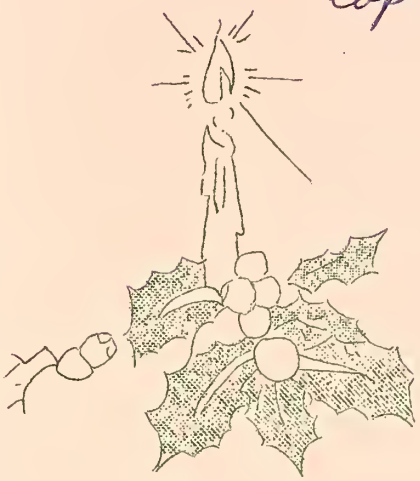

Season's Greetings

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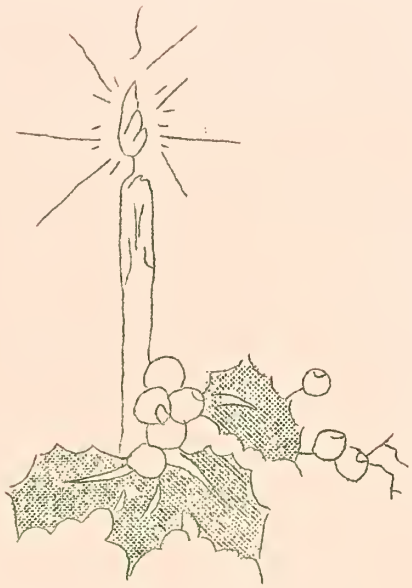

MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 7 November 1962 Number 4

Released Pursuant to §1090.27 (j) and §1090.85, USDA-ASCS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

COMPENSATORY PAYMENT PROVISIONS MAY BE SUSPENDED

Producer associations, handlers and other interested parties were notified November 9 that the U.S.D.A. is proposing to suspend certain compensatory payment and pooling provisions in 63 Federal Milk Orders (Including Chattanooga) and invited written views or arguments pertaining to this proposed action by December 5, 1962.

These considerations grew out of a ruling by the U. S. Supreme Court in the Lehigh Valley case under the New York milk order to the effect that handler pool charges on milk not regulated by the New York order, at the difference between Class I and surplus milk prices, were improper in the absence of other alternatives.

The main effects of the proposed suspensions on the Chattanooga order, if made, would be: (1) to remove during the months of March through July the compensatory payment, at the difference between the Class I and Class II prices, required of a distributing pool plant on fluid other source milk received during the month or on other source milk from inventory when either is allocated to Class I and (2) to remove the pooling standards during the months of March through July with respect to supply or distributing plants and producers which now prevent such other source milk from being subject to full regulation of the order.

Also, the U.S.D.A. notified interested parties on November 23 that the scheduling of regional hearings was being considered to amend 63 orders with reference to the above mentioned matters and opportunity was being given to submit proposals before December 18, 1962 to be considered for inclusion in the hearing notice for amendments to the orders.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	Nov.'62	Oct.'62	Nov.'61
Number of Plants (Pool and Non-Pool)	14	14	16
GROSS RECEIPTS POUNDS (DAILY AVERAGE)			
Producer Deliveries	500,085	525,608	472,399
% November'62 compared with:	100.0	95.1	105.9
Other Source	9,236	11,172	5,931
Other Order	5,609	5,082	7,057
Total Milk Receipts	514,930	541,862	485,387
% November'62 compared with:	100.0	95.0	106.1
GROSS UTILIZATION POUNDS (DAILY AVERAGE)			
Class I Uses:			
Fluid Milk	318,321	317,445	302,771
Fluid Skim	17,866	17,373	13,245
Buttermilk	42,430	38,429	37,666
Chocolate Milk	9,392	10,562	7,650
Fluid Creams (Sweet & Sour)	2,747	2,551	2,549
Bulk to Non-Handlers	19,263	10,703	3,133
Shrinkage Class I	957	1,587	1,251
Other	(2,525)	(729)	(306)
Total Class I Milk	408,451	397,921	367,959
% November'62 compared with:	100.0	102.6	111.0
Class II Uses:			
Butter	7,010	5,812	12,635
Cottage Cheese	15,090	17,181	14,212
Powdered and Condensed Milk	48,454	76,108	57,500
Ice Cream	24,861	32,958	15,853
Stockfeed	4,261	4,317	3,216
Shrinkage Class II	8,804	9,058	8,608
Other	(2,001)	(1,493)	5,404
Total Class II Milk	106,479	143,941	117,428
% November'62 compared with:	100.0	74.0	90.7
Gross Class I Butterfat Pounds	14,780	14,469	13,266
Gross Class II Butterfat Pounds	7,500	8,329	7,743
Total Butterfat Pounds	22,280	22,798	21,009
% Producer Milk of Gross Class I	122.4	132.1	128.4
% Producer Milk priced in Class I	80.6	74.8	76.9

DECEMBER 1962 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Dec.'62	Nov.'62	Dec.'61
Basic Formula	$3.10	$3.07	$3.255
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.20)	(0.30)	(0.30)
Class I Price, 3.5% Butterfat	$4.65	$4.52	$4.705
Class I Price, 4.0% Butterfat	$5.025	$4.895	$5.10

Per § 1090.51 (a)

Supply-Demand Comparison: 1st and 2nd preceding months: October and November	
Supply: Lbs. Producer Milk (Oct. 16,293,860 and Nov. 15,002,549)	31,296,409
Demand: Lbs. Net Class I Milk (Oct. 12,217,192 and Nov. 12,175,867)	24,393,059
Utilization Percentage: Producer milk divided by Class I	128
Standard Utilization Percentage: Range 114-118	118
Net Deviation Percentage: Utilization minus Standard Utilization	plus 10
Supply-Demand Adjustment: 2 cents x 10 percentage points	minus $0.20

Since the supply in relation to the demand is more than the desired standard, the price is decreased 20 cents per hundredweight (2 cents x 10 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICE FOR NOVEMBER 1962
Based on 13 plant reports prior to audit (One Plant Excluded per §1090.72(a))

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		11,671,563	3.593		
Less Other Source		156,328	2.085		
Producer Milk Class I	79.9	11,515,235	3.613769	$4.605327	$530,314.23
Gross Class II		3,172,679	7.007		
Less Other Source		279,232	1.327		
Producer Milk Class II	20.1	2,893,447	7.555141	5.806944	168,020.85
TOTAL PROD. (Cl.I + Cl.II)	100.0	14,408,682	4.405247		698,335.08
Add Compensatory Payment Value					13.71
Add Inventory Reclassification Value					564.25
Add ½ Producer-Settlement Fund Reserve					6,364.60
TOTAL VALUE AT TEST		14,408,682	4.405247		705,277.64
Less Test Over 3.5% @ 7.2¢ per point		14,408,682	.905247	0.651778	93,912.62
TOTAL VALUE AT 3.5%		14,408,682	3.5	4.243032	611,365.02
Less Producer-Settlement Fund Reserve		14,408,682		0.043032	6,200.34
UNIFORM PRICE f.o.b. POOL PLANT 3.5%		14,408,682	3.5	$4.20	$605,164.68

NOVEMBER 1962 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	$3.84	3.6	$4.272	4.2	$4.704	4.8	$5.136	5.4	$5.568
3.05	3.876	3.65	4.308	4.25	4.74	4.85	5.172	5.45	5.604
3.1	3.912	3.7	4.344	4.3	4.776	4.9	5.208	5.5	5.64
3.15	3.948	3.75	4.38	4.35	4.812	4.95	5.244	5.55	5.676
3.2	3.984	3.8	4.416	4.4	4.848	5.0	5.28	5.6	5.712
3.25	4.02	3.85	4.452	4.45	4.884	5.05	5.316	5.65	5.748
3.3	4.056	3.9	4.488	4.5	4.92	5.1	5.352	5.7	5.784
3.35	4.092	3.95	4.524	4.55	4.956	5.15	5.388	5.75	5.82
3.4	4.128	4.0	4.56	4.6	4.992	5.2	5.424	5.8	5.856
3.45	4.164	4.05	4.596	4.65	5.028	5.25	5.46	5.85	5.892
3.5	4.20	4.1	4.632	4.7	5.064	5.3	5.496	5.9	5.928
3.55	4.236	4.15	4.668	4.75	5.10	5.35	5.532	5.95	5.964

MILK SAMPLES TESTED - Producer Fresh Samples 5,665 - Handler Finished Products 220.

MARKET SUMMARY NOVEMBER 1962

The MINIMUM uniform producer price is $4.20 per cwt. f.o.b. Chattanooga Area Pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5%. The minimum uniform price is $4.56 per cwt. for milk containing 4.0% butterfat.

During November 80.6% of the total producer milk was priced in Class I at $4.52 per cwt. with a butterfat differential of 7.5 cents and 19.4% in Class II at $3.09 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Gross Class I milk increased 2.6% compared with October 1962 and increased 11.0% compared with November 1961.

Daily average delivery of milk from producers was 500,085 pounds in November 1962, a decrease of 25,523 pounds per day compared with October 1962 and an increase of 27,686 pounds compared with November 1961. Percentage-wise, November deliveries decreased 4.9% compared with October 1962 and increased 5.9% compared with November 1961.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight				HANDLER CLASS PRICES 1/			
					Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Nov.'61	$4.36	-	-	7.6¢	$4.745	7.9¢	$3.30	7.0¢
Dec.	4.28	-	-	7.6	4.705	7.9	3.30	7.0
Jan.'62	4.36	-	-	7.6	4.765	7.9	3.30	7.0
Feb.	4.23	-	-	7.6	4.765	7.9	2.77	7.0
Mar.	4.25 2/	$4.39	$2.61	7.6	4.785	7.9	2.68	7.0
Apr.	4.03 2/	4.25	2.59	7.4	4.845	7.9	2.665	6.7
May	3.93 2/	4.12	2.60	7.2	4.575	7.5	2.665	6.7
June	4.00 2/	4.16	2.60	7.2	4.535	7.5	2.665	6.7
July	4.01 2/	4.19	2.59	7.2	4.655	7.5	2.655	6.7
Aug.	4.05	-	-	7.2	4.60	7.5	2.66	6.7
Sept.	4.02	-	-	7.2	4.37	7.5	3.06	6.7
Oct.	4.03	-	-	7.2	4.39	7.6	3.05	6.7
Nov.	4.21	-	-	7.2	4.52	7.5	3.09	6.7
Dec.	-	-	-	-	4.65	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS $-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. $-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powders ¢ Lb.	Minn.-Wisc. Mfg.Grade Milk 4/ $-cwt-3.5%
Nov.'61	2.80	3.30	3.15	60.466	15.070	-
Dec.	2.80	3.30	3.15	60.466	15.275	-
Jan.'62	2.80	3.30	3.15	60.466	15.260	-
Feb.	2.77	3.30	3.12	60.466	15.200	-
Mar.	2.68	3.30	3.03	60.466	15.060	-
Apr.	2.665	3.125	3.00	57.957	14.125	-
May	2.665	3.085	3.00	57.966	13.530	-
June	2.665	3.045	3.00	57.940	13.330	-
July	2.655	3.045	2.99	57.960	13.370	3.03
Aug.	2.66	3.05	3.00	57.970	13.270	3.04
Sept.	2.66	3.06	3.00	58.280	13.400	3.06
Oct.	2.66	3.05	3.00	57.960	13.140	3.07
Nov.	2.72	3.09	3.05	57.990	13.760	3.10

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per Farm----Pounds			Prod. Milk Test%
	No. Hdlrs.	Total Receipt	Class I Use	Class I Use	Total Delivery	Base Delivery	No. Prod.	Prod.	Base	Exc.	
Nov.'61	16	485,387	367,959	363,166	472,399	-	686	689	-	-	4.39
Dec.	16	494,573	352,155	348,076	476,780	-	685	696	-	-	4.41
Jan.'62	16	486,624	364,484	359,962	473,584	-	685	691	-	-	4.40
Feb.	15	502,394	370,985	366,116	487,977	-	683	714	-	-	4.23
Mar.	15	506,148	379,540	374,558	491,493	453,153	681	722	665	57	4.22
Apr.	14	558,864	352,989	348,757	536,251	466,013	680	789	685	104	4.13
May	14	546,419	356,897	352,503	522,955	459,802	678	771	678	93	4.03
June	14	510,155	353,585	349,410	486,065	437,132	678	717	645	72	4.08
July	14	506,515	337,792	333,739	480,881	425,773	677	710	629	81	4.05
Aug.	14	521,280	367,056	362,537	494,743	-	675	733	-	-	4.05
Sept.	14	528,539	386,038	381,938	508,195	-	673	755	-	-	4.09
Oct.	14	541,862	397,921	393,375	525,608	-	673	781	-	-	4.29
Nov.	14	514,930	408,451	403,240	500,085	-	672	744	-	-	4.41

1/ Excludes Premiums
2/ For statistics only
3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I
4/ Effective with Order Amendment August 1962